

Message Text

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47

ACTION NEA-10

INFO OCT-01 ISO-00 ACDA-05 CIAE-00 INR-07 IO-10 L-03

NSAE-00 NSC-05 EB-07 NRC-05 OES-03 FEAE-00 ERDA-05

OMB-01 COME-00 SS-15 TRSE-00 AID-05 SP-02 DODE-00

PM-03 SAM-01 /088 W

----- 011150

R 011317Z JUL 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 4902

C O N F I D E N T I A L CAIRO 6488

E.O. 11652: GDS

TAGS: ENRG EG

SUBJECT: NUCLEAR POWER GENERATING PLANT -
STATUS REPORT ON BID EVALUATION

REF: CAIRO 1361

1. J.P. ROCCHIO, MANAGER, INTERNATIONAL SALES - FAR EAST (INCLUDING MIDDLE EAST) FOR GENERAL ELECTRIC NUCLEAR ENERGY DIVISION NOW VISITING CAIRO. HE BRIEFED US ON CURRENT STATUS OF NUCLEAR POWER STATION BIDS JUNE 25. NOTING THAT VALIDITY OF GE BID DUE TO EXPIRE AUGUST 2 (6 MONTHS FROM SUBMISSION), HE SAID GE INTENDS EXTEND VALIDITY OF BID UNTIL END OF YEAR. HE EXPECTS WESTINGHOUSE WILL DO THE SAME. WRITTEN ECONOMIC EVALUATION OF BIDS BY BURNS AND ROE, GOE IN-HOUSE CONSULTANT, IS EXPECTED SOMETIME IN MID-JULY. GE THEN EXPECTS THAT HIGH-LEVEL EGYPTIAN TEAM COMPOSED OF DR. KAMAL EFFAT, ATOMIC ENERGY AGENCY, AND OTHER MEMBERS OF ATOMIC ENERGY AGENCY, AND POSSIBLY MAHER ABAZA OF THE MINISTRY OF ELECTRICITY WILL VISIT US IN LATE AUGUST OR EARLY SEPTEMBER TO HOLD FURTHER DISCUSSIONS WITH BURNS AND ROE, EG AND WESTINGHOUSE. (BURNS AND ROE DOES NOT HAVE RESIDENTREP IN CAIRO.)

2. GE REP NOTED THAT, AS PART OF NUCLEAR PROJECT SUBMISSION,
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BOTH COMPANIES MUST PROVIDE A PROPOSAL FOR A DESALTING

PLANT TO BE BUILT ADJACENT TO NUCLEAR FACILITIES. GE'S IDEA IS THAT PLANT WOULD BE BUILT ON A CONVENTIOANL POWER BASIS AND THEN SIMPLY CONNECTED BY A SMALL STEAM LINE ONCE NUCLEAR POWER PLANT IS COMPLETED. GE SAYS THAT SOME FORM OF USG FINANCING FOR DESALTING PLANT IS ALWAYS MENTIONED IN CONVERSATIONS WITH GOE. EMBOFF DISCOURAGED SUCH SPECULATION AND GE REP SAID HE UNDERSTOOD FROM CONVERSATIONS IN WASHINGTON, THAT THIS WAS UNLIKELY.

3. ON SUBJECT OF FINANCING OF ENTIRE NUCLEAR POWER PLANT, GE BELIVES THAT GOE IS STILL COUNTING ON SOME FORM OF SUPPORT FROM USG. HE SAID BOTH GE AND WESTINGHOUSE ARE LOOKING INTO THE COLLATERAL ASPECTS OF FINANCING ON ASSUMPTION THAT FINANCING OF PLANT WILL BE THE FINAL DETERMINATION IN CONTRACT AWARD.

4. GE FULLY EXPECTS THAT EGYPTIANS WILL CONTINUE WITH THEIR CONTRACT NEGOTIATIONS EVEN IN CONTINUING ABSENCE OF FINAL APPROVAL OF NUCLEAR COOPERATION AGREEMENT. GOE WILL PROBABLY AWARD CONTRACT WITH STIPULATION THAT COOPERATION AGREEMENT MUST BE COMPLETED FIRST. GE REPS SAID THAT CURRENT ESTIMATES ARE THAT PLANT WILL COST BETWEEN 700 AND 800 MILLION DOLLARS.
EILTS

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Message Attributes

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Decaption Note:
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Margaret P. Grafeld
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06 JUL 2006

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